

# Global pension systems study highlights gender pension gap

The 13th annual Mercer CFA Institute Global Pension Index's (MCGPI) special chapter highlights the gender differences in pension outcomes. "It is a strong reminder that unequal pay and lack of job opportunities for women has ramifications over many years resulting in sub-par pension outcomes. Therefore we need to continuously look to close the gender gap," says president of CFA Society South Africa, Jennifer Henry, CFA



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The MCGPI is a comprehensive study of global pension systems, accounting for two-thirds (65%) of the world's population.

It benchmarks retirement income systems around the world highlighting some shortcomings in each system and suggests possible areas of reform that would provide more adequate and sustainable retirement benefits.

## Causes of the gender pension gaps

The MCGPI's analysis highlights that there was no single cause of the gender pension gap, despite all regions having significant differences in the level of retirement income across genders.

"The causes of the gender pension gap are mixed and varied. Every country and region has employment-related, pension design and socio-cultural issues contributing to women being far more disadvantaged than men when it comes to retirement

income,” says senior partner at Mercer and lead author of the study, Dr David Knox.

While employment issues are major contributors and are well known – more female part-time workers, periods out of the workforce for caring responsibilities and lower average salaries, for example – the study found that pension design flaws were aggravating the issue.

This includes non-mandatory accrual of pension benefits during parental leave, absence of pension credits while caring for young children or elderly parents in most systems, and the lack of indexation of pensions during retirement, which have a larger impact on women due to longer life expectancy.

“We know that closing the gender pension gap is an enormous challenge given the close link of the pension to employment and income patterns. But, with poverty among the aged more common for women, we can’t afford to sit idle,” says Knox.

## **Reducing the gap**

The MCGPI study reveals that there is much that pension systems can do to reduce the gender pension gap – an issue inherent in every system.

There are a number of actions that pension industries can take says Knox.

“As a start, they must remove eligibility restrictions for individuals to join employment-related pension arrangements.

“Regardless of how much you earn, how much you work or how long you’ve been working for, every individual should have the ability to participate in a pension scheme that provides adequate benefits.

“Pension funds can also introduce credits for those caring for the young and old.

“Carers provide a valuable service to the community and shouldn’t be penalised in their retirement years for taking time out of the formal workforce,” he says.

Read the report [here](#)

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